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SUBJECT: STATUS OF AUSTRIAN RECONSTRUCTION DISBURSEMENTS IN IRAQ

REF: (A) STATE 44648, (B) 05 VIENNA 3493, (C) 05 VIENNA 810

¶1. As of December 2005, Austria has disbursed Euro 1.5 million (USD 1.8 million) in technical assistance to Iraq, according to Lydia Saadat, the MFA's Assistance Coordinator for the Middle East and Asia. (Saadat's department is updating figures for the first quarter of 2006). Austria had pledged Euro 1.7 million (USD 2.0 million) in technical assistance at the Madrid Conference in 2003, and gradually increased this amount to Euro 2.4 million (USD 2.9 million). Thus, approximately 900,000 Euro (USD 1.1 million) remain to be disbursed.

¶2. In addition, Austria had pledged Euro 4.5 million (USD 5.4 million) in "infrastructure assistance." Saadat said Austria would not disburse these funds. Instead the GOA has added the amount to its debt relief program with Iraq (remission of a total of Euro 1.7 billion or USD 2.1 billion), which the GOA signed with Iraq in December 2005. Austria had also pledged Euro 10.2 million (USD 12.2 million) in export credit guarantees at the Madrid conference. However, the Austrian Control Bank, which administers the money, suspended issuing export guarantees because the Control Bank does not consider the Trade Bank of Iraq, the Iraqi entity overseeing the management of government contracts, to be a reliable business partner (ref B).

¶3. Completed Austrian projects include evacuation and emergency response activities, and training for young Iraqi diplomats. There are two major ongoing Austrian assistance activities. One is the Austrian-Slovenian project "Psychological Support for children and Families in Iraq". The other one is an "adopt-a-hospital" project (rehabilitation of basic health care within the Shatra region. Austria has suspended the second phase of the "adopt-a-hospital" project because of security concerns. Another ongoing project is a reconstruction of facilities at the "Borsippa" archeological excavation site "Borsippa".

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